



PORTLAND MUSEUM *of* ART

FINANCIAL STATEMENTS

January 31, 2021 and 2020

With Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Portland Museum of Art

We have audited the accompanying financial statements of the Portland Museum of Art (the PMA), which comprise the balance sheets as of January 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PMA as of January 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021 the PMA adopted Financial Accounting Standards Board Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, (Topic 606). Our opinion is not modified with respect to this matter.

*Berry Dunn McNeil & Parker, LLC*

Portland, Maine  
August 3, 2021

PORTLAND MUSEUM OF ART

Balance Sheets

January 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,676,344	\$ 2,280,495
Accounts and other receivables	816,189	708,764
Inventory, at cost	123,118	125,678
Prepaid expenses	378,311	392,729
Contributions receivable	3,784,775	1,163,486
Bequest receivable, net	124,351	180,385
Art collection (Note 1)	1	1
Land, buildings and equipment, net	14,958,906	15,141,741
Preservation in progress	1,038,715	1,011,141
Property held for future use	5,242,137	5,175,364
Assets held for sale	556,234	-
Investments	<u>46,127,688</u>	<u>42,438,486</u>
Total assets	<u>\$ 75,826,769</u>	<u>\$ 68,618,270</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 1,607,581	\$ 787,808
Deferred revenue	94,984	-
Note payable	150,000	1,850,000
Refundable advance	<u>777,390</u>	<u>-</u>
Total liabilities	<u>2,629,955</u>	<u>2,637,808</u>
Net assets		
Without donor restrictions	<u>24,488,269</u>	<u>22,294,280</u>
With donor restrictions		
Temporary in nature	7,162,449	5,219,621
Perpetual in nature	<u>41,546,096</u>	<u>38,466,561</u>
Total net assets with donor restrictions	<u>48,708,545</u>	<u>43,686,182</u>
Total net assets	<u>73,196,814</u>	<u>65,980,462</u>
Total liabilities and net assets	<u>\$ 75,826,769</u>	<u>\$ 68,618,270</u>

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The accompanying notes are an integral part of these financial statements.

**PORTLAND MUSEUM OF ART**

**Statements of Activities**

**Years Ended January 31, 2021 and 2020**

	2021				2020			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
	Temporary in Nature	Perpetual in Nature			Temporary in Nature	Perpetual in Nature		
Changes in net assets								
Public support and revenues								
Contributions and grants	\$ 5,883,536	\$ 2,063,301	\$ 3,079,535	\$ 11,026,372	\$ 2,550,445	\$ 1,750,591	\$ 2,343,781	\$ 6,644,817
Memberships and program revenues	617,539	-	-	617,539	709,611	-	-	709,611
Admissions and program revenues	266,499	-	-	266,499	1,086,142	20,149	-	1,106,291
Deaccessioning revenues	-	11,980	-	11,980	-	380,000	-	380,000
PMA Store revenues	168,319	-	-	168,319	544,186	-	-	544,186
Return on investments	236,785	3,330,933	-	3,567,718	119,766	3,545,522	-	3,665,288
Total public support and revenues	<u>7,172,678</u>	<u>5,406,214</u>	<u>3,079,535</u>	<u>15,658,427</u>	<u>5,010,150</u>	<u>5,696,262</u>	<u>2,343,781</u>	<u>13,050,193</u>
Net assets released from restrictions								
Satisfaction of program or capital asset purchase restrictions	1,393,379	(1,393,379)	-	-	1,576,778	(1,576,778)	-	-
Expiration of time restrictions	56,034	(56,034)	-	-	52,308	(52,308)	-	-
Restricted earnings transferred by spending policy for operations	2,013,973	(2,013,973)	-	-	1,278,218	(1,278,218)	-	-
Total net assets released from restrictions	<u>3,463,386</u>	<u>(3,463,386)</u>	<u>-</u>	<u>-</u>	<u>2,907,304</u>	<u>(2,907,304)</u>	<u>-</u>	<u>-</u>
Total revenues, net of releases	<u>10,636,064</u>	<u>1,942,828</u>	<u>3,079,535</u>	<u>15,658,427</u>	<u>7,917,454</u>	<u>2,788,958</u>	<u>2,343,781</u>	<u>13,050,193</u>
Expenses								
Program								
Exhibits and collections	4,448,582	-	-	4,448,582	4,278,141	-	-	4,278,141
Education	1,069,117	-	-	1,069,117	1,109,228	-	-	1,109,228
Collection items purchased	329,700	-	-	329,700	380,800	-	-	380,800
PMA Store	319,049	-	-	319,049	506,423	-	-	506,423
Management and general	767,821	-	-	767,821	603,222	-	-	603,222
Development and membership	1,376,595	-	-	1,376,595	1,440,427	-	-	1,440,427
Total expenses	<u>8,310,864</u>	<u>-</u>	<u>-</u>	<u>8,310,864</u>	<u>8,318,241</u>	<u>-</u>	<u>-</u>	<u>8,318,241</u>
Change in net assets	<u>2,325,200</u>	<u>1,942,828</u>	<u>3,079,535</u>	<u>7,347,563</u>	<u>(400,787)</u>	<u>2,788,958</u>	<u>2,343,781</u>	<u>4,731,952</u>
Net assets, beginning of year as previously reported	22,294,280	5,219,621	38,466,561	65,980,462	22,695,067	2,430,663	36,122,780	61,248,510
Cumulative effect adjustment - Topic 606 adoption	(131,211)	-	-	(131,211)	-	-	-	-
Net assets, beginning of year, as adjusted	<u>22,163,069</u>	<u>5,219,621</u>	<u>38,466,561</u>	<u>65,849,251</u>	<u>22,695,067</u>	<u>2,430,663</u>	<u>36,122,780</u>	<u>61,248,510</u>
Net assets, end of year	<u>\$ 24,488,269</u>	<u>\$ 7,162,449</u>	<u>\$ 41,546,096</u>	<u>\$ 73,196,814</u>	<u>\$ 22,294,280</u>	<u>\$ 5,219,621</u>	<u>\$ 38,466,561</u>	<u>\$ 65,980,462</u>

The accompanying notes are an integral part of these financial statements.

**PORTLAND MUSEUM OF ART**  
**Statement of Functional Expenses**  
**Year Ended January 31, 2021**

	<u>Program</u>				<u>Total Program</u>	<u>Management and General</u>	<u>Development and Membership</u>	<u>Total Expenses</u>
	<u>Exhibits and Collections</u>	<u>Education</u>	<u>Collection Items Purchased</u>	<u>PMA Store</u>				
Acquisition of art for the collection	\$ -	\$ -	\$ 329,700	\$ -	\$ 329,700	\$ -	\$ -	\$ 329,700
Advertising and promotion	86,607	17,380	-	1,241	105,228	-	16,664	121,892
Cost of goods sold	-	-	-	84,384	84,384	-	-	84,384
Depreciation	424,004	52,491	-	10,106	486,601	4,744	24,286	515,631
Education	-	164,463	-	-	164,463	-	-	164,463
Exhibitions and collections care	733,103	-	-	-	733,103	-	-	733,103
Fundraising and membership	-	-	-	-	-	-	215,583	215,583
Information technology	100,928	24,647	-	6,832	132,407	10,228	54,309	196,944
Insurance	108,918	8,936	-	1,118	118,972	3,728	2,655	125,355
Meetings and conferences	5,527	2,067	-	104	7,698	1,315	1,330	10,343
Occupancy	246,309	37,436	-	5,834	289,579	2,983	13,785	306,347
Office expenses	33,042	15,749	-	8,563	57,354	23,380	21,982	102,716
Professional fees and outside services	159,947	63,292	-	1,849	225,088	144,212	24,251	393,551
Salaries and benefits	2,531,617	676,748	-	198,942	3,407,307	574,236	989,891	4,971,434
Travel	18,580	5,908	-	76	24,564	2,995	11,859	39,418
<b>Total expenses</b>	<b><u>\$ 4,448,582</u></b>	<b><u>\$ 1,069,117</u></b>	<b><u>\$ 329,700</u></b>	<b><u>\$ 319,049</u></b>	<b><u>\$ 6,166,448</u></b>	<b><u>\$ 767,821</u></b>	<b><u>\$ 1,376,595</u></b>	<b><u>\$ 8,310,864</u></b>

The accompanying notes are an integral part of these financial statements.

**PORTLAND MUSEUM OF ART**  
**Statement of Functional Expenses**  
**Year Ended January 31, 2020**

	<u>Program</u>				<u>Total Program</u>	<u>Management and General</u>	<u>Development and Membership</u>	<u>Total Expenses</u>
	<u>Exhibits and Collections</u>	<u>Education</u>	<u>Collection Items Purchased</u>	<u>PMA Store</u>				
Acquisition of art for the collection	\$ -	\$ -	\$ 380,800	\$ -	\$ 380,800	\$ -	\$ -	\$ 380,800
Advertising and promotion	137,218	24,578	-	1,756	163,552	-	36,710	200,262
Cost of goods sold	-	-	-	236,478	236,478	-	-	236,478
Depreciation	438,460	54,281	-	10,451	503,192	4,906	25,114	533,212
Education	-	231,192	-	-	231,192	-	-	231,192
Exhibitions and collections care	604,860	-	-	-	604,860	-	-	604,860
Fundraising and membership	-	-	-	-	-	-	301,873	301,873
Information technology	107,532	17,268	-	9,612	134,412	13,465	63,392	211,269
Insurance	136,160	8,126	-	987	145,273	3,776	2,370	151,419
Interest	-	312	-	-	312	-	-	312
Meetings and conferences	18,480	9,750	-	451	28,681	15,126	8,466	52,273
Occupancy	280,398	34,122	-	6,670	321,190	3,198	15,850	340,238
Office expenses	47,085	20,807	-	6,212	74,104	31,217	35,100	140,421
Professional fees and outside services	209,737	28,027	-	1,946	239,710	57,734	37,544	334,988
Salaries and benefits	2,252,179	632,359	-	231,594	3,116,132	459,454	889,015	4,464,601
Travel	<u>46,032</u>	<u>48,406</u>	<u>-</u>	<u>266</u>	<u>94,704</u>	<u>14,346</u>	<u>24,993</u>	<u>134,043</u>
<b>Total expenses</b>	<b><u>\$ 4,278,141</u></b>	<b><u>\$ 1,109,228</u></b>	<b><u>\$ 380,800</u></b>	<b><u>\$ 506,423</u></b>	<b><u>\$ 6,274,592</u></b>	<b><u>\$ 603,222</u></b>	<b><u>\$ 1,440,427</u></b>	<b><u>\$ 8,318,241</u></b>

The accompanying notes are an integral part of these financial statements.

**PORTLAND MUSEUM OF ART**

**Statements of Cash Flows**

**Years Ended January 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 7,347,563	\$ 4,731,952
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	515,632	533,212
Contribution of assets held for sale	(556,234)	-
Net realized and unrealized gains on investments	(3,299,510)	(3,563,597)
Restricted contributions – perpetual in nature	(3,079,535)	(2,343,781)
Contributions restricted for acquisition and preservation, investment or collection	(2,063,301)	(1,750,591)
Collection items sold	(11,980)	(380,000)
Collection items purchased	329,700	380,800
(Increase) decrease in		
Accounts and other receivables	(487,425)	(72,259)
Inventories	2,560	7,405
Prepaid expenses	14,418	(50,694)
Bequest receivable	56,034	52,308
Increase (decrease) in		
Accounts payable and accrued expenses	764,310	221,356
Deferred revenue	(36,227)	-
Refundable advance	777,390	-
Net cash provided (used) by operating activities	<u>273,395</u>	<u>(2,233,889)</u>
Cash flows from investing activities		
Acquisition of equipment and improvements, property held for future use and payments for preservation	(475,681)	(344,087)
Payments for purchase of collection items	(225,700)	(380,800)
Proceeds from sale of investments	10,215,653	70,734,811
Purchases of investments	(10,605,345)	(72,029,478)
Proceeds from sale of collection items	391,980	-
Net cash used by investing activities	<u>(699,093)</u>	<u>(2,019,554)</u>
Cash flows from financing activities		
Proceeds from restricted contributions – perpetual in nature	1,434,408	2,811,363
Proceeds from contributions restricted for acquisition and preservation, investment or collection	1,087,139	1,810,167
Principal payments on long-term debt	(1,700,000)	(12,205)
Net cash provided by financing activities	<u>821,547</u>	<u>4,609,325</u>
Net increase in cash and cash equivalents	395,849	355,882
Cash and cash equivalents, beginning of year	<u>2,280,495</u>	<u>1,924,613</u>
Cash and cash equivalents, end of year	<u>\$ 2,676,344</u>	<u>\$ 2,280,495</u>

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The accompanying notes are an integral part of these financial statements.

**PORTLAND MUSEUM OF ART**

**Statements of Cash Flows (Concluded)**

**Years Ended January 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Supplemental disclosures of noncash investing and financing transactions:		
Property contributed and recorded as assets held for sale	\$ <u>556,234</u>	\$ <u>-</u>
Property held for future use acquired with issuance of note payable	\$ <u>-</u>	\$ <u>1,850,000</u>
Accrued interested capitalized as property held for future use	\$ <u>-</u>	\$ <u>29,677</u>
Collection item sales proceeds reported in accounts receivable	\$ <u>-</u>	\$ <u>380,000</u>
Building and preservation in progress additions reported in accounts payable and accrued expenses	\$ <u>14,023</u>	\$ <u>62,560</u>
Collection purchases reported in accounts payable and accrued expenses	\$ <u>104,000</u>	\$ <u>-</u>

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The accompanying notes are an integral part of these financial statements.



# PORTLAND MUSEUM OF ART

## Notes to Financial Statements

January 31, 2021 and 2020

### Nature of Organization

The Portland Museum of Art (the PMA), founded in 1882, is a not-for-profit educational institution dedicated to critical excellence in the visual arts. Art acquisitions, collections care and maintenance, exhibitions, programs, and general operations are supported by membership, private and corporate donations, endowment income, foundations, and grants from national and state agencies. The PMA's Mission, Vision, Values, and Goals are:

#### Mission

**Art for All.** The Portland Museum of Art seeks to create an inclusive space that champions open expression and makes art accessible to all.

#### Vision

To be a central gathering place where a strong artistic vision and the collection drive conversation, creativity, cultural vitality, and economic impact.

#### Values

**COURAGE.** We believe in bold choices, leading with humility and integrity.

**EQUITY.** We value all identities and seek to understand and eliminate disparities and barriers.

**SERVICE.** We embrace our responsibility to be in service to others and responsive to the changing needs of our community and the world.

**SUSTAINABILITY.** We prioritize thoughtful stewardship of the earth's resources in all we do.

**TRUST.** We believe in being active listeners and transparent partners, striving every day to earn the trust of our communities, audiences, and employees.

#### Goal Areas

##### **ARTISTIC VISION**

**Cultivate curiosity and wonder** through an artistic program that honors excellence, ideas, innovation, Maine's rich artistic legacy, and the relationship between the local and global.

##### **CAMPUS UNIFICATION**

**Reimagine the campus as an architecturally innovative gathering place** for art, conversation, creativity, environmental responsibility, historic preservation, and partnerships.

##### **EXPERIENCE**

**Broaden and deepen connections with audiences** through experiential and immersive opportunities, community partnerships, and expanded outreach.

##### **PEOPLE**

**Empower staff, board, and volunteers** through a culture that reflects inclusion, flexibility, and shared responsibility.

##### **CULTURE OF PHILANTHROPY**

**Inspire gratitude and generosity** by living our values and delivering on mission and vision.

# PORTLAND MUSEUM OF ART

## Notes to Financial Statements

January 31, 2021 and 2020

### 1. Summary of Significant Accounting Policies

#### Financial Statement Basis of Presentation

The Portland Museum of Art reports information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that do not have donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the PMA. These net assets may be used at the discretion of the PMA's management and the Board of Trustees.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the PMA or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### Cash and Cash Equivalents, Including Limitations on Use

Cash and cash equivalents include money market funds and other investments with original maturities of three months or less, which are not held for investment purposes. The PMA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The PMA has not experienced any losses in such accounts and management believes the PMA is not exposed to any significant risk with respect to these accounts.

Cash and cash equivalents primarily represent funds received from donors with restrictions temporary in nature, including unspent proceeds from deaccessions, as follows at January 31:

	<u>2021</u>	<u>2020</u>
Cash received with donor restrictions temporary in nature	\$ 3,323,051	3,294,923
Borrowings on cash with donor restrictions	<u>(646,707)</u>	<u>(1,014,428)</u>
	<u>\$ 2,676,344</u>	<u>\$ 2,280,495</u>

Management believes the borrowings will not prevent the PMA from fulfilling restrictions.

#### Inventory

The PMA Store inventory is carried at the lower of cost or net realizable value using the weighted average method.

# PORTLAND MUSEUM OF ART

## Notes to Financial Statements

January 31, 2021 and 2020

### Contributions

Unconditional promises to give, also known as pledges, are recorded as bequests or contributions receivable when the pledge is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

There were no conditional promises to give at January 31, 2021 and 2020.

Contributions of assets other than cash are recorded at their estimated fair value on the date received. Amortization of any discount is recorded as additional contribution revenue in accordance with donor restrictions, if any. Management estimates an allowance for uncollectible contributions receivable based on past collection history. Management determined no allowance was necessary at January 31, 2021 and 2020.

The PMA reports donations of cash and other assets that must be used to acquire long-lived assets as changes in net assets with donor restrictions. Absent explicit donor stipulations about how these long-lived assets must be maintained, the PMA reports expirations of donor restrictions when the long-lived assets are acquired or donated long-lived assets are placed in service.

### Revenue Recognition from Exchange Transactions and Adoption of Topic 606

Effective February 1, 2020, the PMA adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (Topic 606). Topic 606 requires the PMA to recognize the amount of revenue it expects to be entitled to for the transfer of promised goods or services to customers. The updated standard replaced most existing guidance in U.S. generally accepted accounting principles (GAAP) for revenue recognition from exchange transactions when it became effective. The PMA elected to adopt this standard in fiscal year 2021 using the modified retrospective method. The adoption of this standard resulted in a cumulative effect adjustment decreasing 2021 beginning net assets without donor restrictions by \$131,211 and increasing beginning deferred revenue liability by \$131,211.

The increase (decrease) impact of the adoption on the PMA's financial statements as of and for the year ended January 31, 2021 was as follows:

	<u>As of January 31, 2021</u>		
	<u>As Reported</u>	<u>Balances With- Out Adoption of Topic 606</u>	<u>Effect of Adoption</u>
Deferred revenues	\$ 94,984	\$ -	\$ 94,984
Net assets without donor restrictions	24,042,019	24,137,003	(94,984)
Total net assets	24,042,019	24,137,003	(94,984)
	<u>For the Year Ended January 31, 2021</u>		
Memberships	617,539	581,312	(36,227)
Total public support and revenues	6,726,428	6,690,201	(36,227)
Change in net assets	6,901,313	6,865,086	(36,227)

# PORTLAND MUSEUM OF ART

## Notes to Financial Statements

January 31, 2021 and 2020

Adoption of Topic 606 had no impact on cash provided or used in operating, financing or investing on the statement of cash flows.

The PMA has multiple revenue streams that are accounted for as exchange transactions including memberships, admissions, program and deaccessioning revenues and PMA Store revenues. Because the PMA's performance obligations relate to contracts with a duration of less than one year, the PMA has elected to apply the optional exemption provided in Topic 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

**Memberships:** The PMA sells various categories of memberships that typically last for a one-year or two-year term. The PMA records collected memberships as deferred revenue under Topic 606 and amortizes amounts ratably over the membership term into revenue. Payment is received at the time of membership enrollment or renewal.

**Admissions and program revenues:** The PMA charges stated admission fees, collects and recognizes revenue upon entry for access to the PMA's galleries and exhibitions. Revenues from programs are recognized when the program occurs and the PMA generally collects payment in advance.

**Deaccessioning revenues:** Revenues from deaccessioning of collection items are recognized at the point in time auction sale is finalized. The PMA collects cash at when the auction house sends payment which could be months after the sale.

**PMA Store revenues:** Revenue from sales of PMA Store inventory are recognized at a point of sale or upon delivery to the customer. The PMA collects cash at point of sale or credit card receipts within a few days of the sale.

### **Investments**

Investments in mutual funds are measured at fair value in the balance sheets based on quoted market prices. Values of investments in limited liability and closely-held companies and partnerships are based on net asset values (NAV) per share of the respective funds as reported in the financial statements of the related interest provided by the investment managers. The PMA reviews and evaluates the valuations provided by the investment managers and believes the net asset values are reasonable estimates of fair value at January 31, 2021 and 2020, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed.

Funds have been pooled for investment purposes. Income received and realized and unrealized gains and losses are apportioned to the participating funds based on their respective units in the pool, and then apportioned to appropriate net asset categories according to donor restrictions. The units held by each fund are determined using fair and net asset values.

# PORTLAND MUSEUM OF ART

## Notes to Financial Statements

January 31, 2021 and 2020

### **Art Collection Description (Unaudited)**

The art collection includes more than 18,000 objects and represents significant holdings of American, European, and contemporary art, as well as iconic works from Maine—highlighting the rich artistic tradition of the state and its artists. The collection includes paintings, sculpture, prints, photographs, glass, ceramics, furniture, silver, artists' books and other media, and is highlighted by works by George Bellows, Max Beckmann, Katherine Bradford, David Moses Bridges, Marc Chagall, Frederic Church, Gustave Courbet, Stuart Davis, Edgar Degas, Lois Dodd, Leonardo Drew, David Driskell, Richard Estes, Jeremy Frey, Jeffrey Gibson, Nan Goldin, John Haberle, Marsden Hartley, Childe Hassam, Winslow Homer, Edward Hopper, Jean Auguste Dominique Ingres, Alex Katz, Rockwell Kent, Yasuo Kuniyoshi, Fitz Henry Lane, Claude Monet, Thomas Moran, Louise Nevelson, John Frederick Peto, William Pope.L, Pierre Auguste Renoir, Tim Rollins & K.O.S., John Singer Sargent, Theresa Secord, Kara Walker, Andrew Wyeth, N.C. Wyeth, Betty Woodman, and Marguerite Thompson Zorach. The PMA is accredited by the American Alliance of Museums and adheres to best practices in developing and managing these works of art in the public trust.

### **Art Collection Policies**

The art collection is reflected at a nominal value. The cost of a collection item is recorded as a decrease in net assets when purchased. The proceeds from sales of collection items are recorded as increases in net assets with temporary donor restricted when sold.

During 2021, the PMA adopted FASB Accounting Standards Update (ASU) No. 2019-03, *Not-for-Profit Entities (Topic 958)*, which improves the definition of collections to align U.S. GAAP with the definition contained in the American Alliance of Museums Code of Ethics for Museums.

The collection is managed according to a policy which adheres to the standards of the American Alliance of Museums. The policy delineates responsibilities in such matters as museum ethics, acquisitions, loans, care of collections, and deaccessioning. Objects held in the collection are carefully tracked and monitored. The PMA's deaccessioning policy allows for sale or trade of an object only when it is incompatible with the PMA's collecting mission and when clear and complete title to the work is confirmed. With the adoption of ASU No. 2019-03, the PMA's policy for the use of proceeds derived from deaccessioned collection items includes direct care of the existing collection as well as acquisition of new collection items. Through January 31, 2021, no proceeds derived from deaccessioned collection items have been used for direct care of the collection.

The PMA has adopted the following definition of "direct care":

- Collection conservation expenses, including supplies, transportation expenses, other direct expenses, and labor.

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- Expenses related to cataloging, housing, and physical care of objects, including but not limited to registrar and preparatory labor expenses, supplies, expenses for storage facilities both on and off-campus, lighting, and proper monitoring of storage and exhibition environments (including dataloggers and appropriate software for tracking collection items), photographic documentation and the management of digital assets.
- Framing, mounting expenses, as well as the physical production of pedestals and other supplies for proper presentation of objects, including labor costs. Exhibition spaces as well as the care of such spaces, which may include pest control, proper lighting, security, and temperature control.

### **Land, Buildings and Equipment**

Land, buildings and equipment are stated at historical cost on the date acquired. Buildings and equipment are depreciated using the straight-line method over their estimated useful lives.

The principal structures that comprise the PMA complex, including the historic McLellan House (1800-1801), the Charles Quincy Clapp House (1832), the L.D.M. Sweat Memorial Galleries (1911) designed by John Calvin Stevens, the award-winning Charles Shipman Payson building (1983) designed by I.M. Pei & Partners, and the Winslow Homer Studio (1884), are all valued parts of the museum and together offer a survey of the history of American architecture and the evolution of American museum spaces.

### **Property Held for Future Use**

Property held for future use is stated at historical cost on the date acquired or improved.

### **Assets Held for Sale**

Assets held for sale represents the real estate property received as part of an unrestricted bequest during 2021 and is recorded at the lesser of its contributed value or estimated net realizable value.

### **Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an analysis of personnel time and space utilized for the related services.

### **Volunteer Services**

Volunteers work directly with professional staff to further the PMA's mission. Volunteer positions include Docents, Homer Studio Tour Guides, and volunteers in the museum's departments. The total number of volunteer hours approximated 510 and 2,250 in 2021 and 2020, respectively. The value of such services has not been recorded in the financial statements.

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### **Refundable Advance and Other Receivable**

In April 2020, the PMA qualified for and received a loan in the amount of \$777,390 pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is unsecured, has a two-year term with a maturity date of April 2022, bears an annual interest rate of 1%, and is payable monthly once the period of payment deferral has passed. The PPP loan is subject to forgiveness to the extent the proceeds are used to pay qualifying expenditures incurred by the PMA, including payroll costs, interest on mortgages, rent, and utilities.

The PMA utilized the total available PPP loan proceeds for qualifying expenditures as of January 31, 2021 and received forgiveness from the SBA of the full amount in May 2021. The PMA has chosen to follow the conditional contribution model for the PPP loan and has opted to not record any income until forgiveness is received. As such, the full amount of the PPP loan received is reported as a refundable advance in the liabilities section of the balance sheet at January 31, 2021.

In February 2021, the PMA qualified for and received a second PPP loan in the amount of \$872,605. In accordance with the second PPP loan agreement, the repayment of the loan is deferred for 10 months. Management and the lender will determine the amount of the loan to be forgiven (up to 100%) in December 2021 or thereafter. Any portion of the loan not forgiven will bear interest at 1% and will be due in equal monthly installments, including interest, through January 2026.

The PMA qualified for Employee Retention Tax Credits (ERTC) under later CARES Act-related legislation for qualifying payroll paid during the calendar year 2020. ERTC receivable at January 31, 2021 totaled \$446,250 and is reported in accounts and other receivables on the balance sheet.

### **Income Taxes**

The PMA is a not-for-profit corporation as described in §501(c)(3) of the Internal Revenue Code (the Code) and, as such, is exempt from federal income taxes. In addition, the PMA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of §509(a) of the Code.

### **Subsequent Events**

Management has considered transactions or events occurring through August 3, 2021, which was the date that the financial statements were available to be issued.

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**2. Liquidity and Availability of Financial Assets**

The PMA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize the investment of its available funds. The PMA has various sources of liquidity at its disposal, including cash and cash equivalents, investments and a line of credit. The PMA has board designated investments that it does not intend to spend other than the amounts appropriated for operations as part of the budget approval process. However, board designated investments could be made available, if necessary, by the board.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the PMA considers all expenditures related to its ongoing activities, and general and administrative services undertaken to support those ongoing activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the PMA operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings.

At January 31, the following financial assets could readily be available within one year of the balance sheet date to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 2,676,344	\$ 2,280,495
Accounts receivable	816,189	708,764
Inventory	123,118	125,678
Contributions receivable	3,784,775	1,163,486
Bequest receivable, net	124,351	180,385
Assets held for sale	556,234	-
Board-approved appropriation for the coming year*	<u>2,610,512</u>	<u>2,039,908</u>
Total financial assets	<u>10,691,523</u>	<u>6,891,445</u>
Assets with restrictions		
Donor-restricted net assets currently available - temporary in nature, including related pledges	(3,323,051)	(3,294,923)
Donor-restricted pledges – perpetual in nature	(2,454,345)	(809,218)
Pledges and bequest receivable for support of future periods beyond one year	<u>(1,129,412)</u>	<u>(154,351)</u>
Total assets with restrictions	<u>(6,906,808)</u>	<u>(4,258,492)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,784,715</u>	<u>\$ 2,632,953</u>

\* As noted above, the PMA has self-imposed restrictions on the use of certain investment funds. Appropriations are calculated per policy and approved by the Board in annual budgets.



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**3. Appreciation on Net Asset with Donor Restrictions – Perpetual in Nature**

Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the PMA deems all investment income on net assets with donor restrictions (invested in perpetuity) investments to be classified as net assets with donor restrictions until appropriated by the Board of Trustees, unless otherwise stipulated by donors.

**Interpretation of Relevant Law**

The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In keeping with this interpretation, the PMA classifies as net assets with donor restrictions perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (invested in perpetuity) is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the PMA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the PMA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other PMA resources
- The PMA's Investment Policy Statement

**4. Contributions and Bequest Receivable**

Contributions and bequest receivable consist of unconditional promises to give as of January 31, as follows:

	<u>2021</u>	<u>2020</u>
Contributions receivable	\$ <u>3,784,775</u>	\$ <u>1,163,486</u>
Bequest receivable before discount	<u>137,842</u>	206,763
Less discount at 7.1%	<u>(13,491)</u>	<u>(26,378)</u>
Bequest receivable, net	<u>124,351</u>	<u>180,385</u>
	<u>\$ 3,909,126</u>	<u>\$ 1,343,871</u>

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Contributions and bequest receivable are expected to be received as follows:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 1,738,566	\$ 618,487
Between one and four years	2,129,783	697,494
Five years	<u>54,268</u>	<u>54,268</u>
	3,922,617	1,370,249
Less discount on bequest receivable	<u>(13,491)</u>	<u>(26,378)</u>
	<u>\$ 3,909,126</u>	<u>\$ 1,343,871</u>

**5. Land, Buildings and Equipment**

Following is a summary of land, buildings and equipment:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 5,623,932	\$ 5,623,932
Buildings and improvements	24,736,370	24,448,669
Equipment	<u>866,212</u>	<u>828,094</u>
	31,226,514	30,900,695
Less accumulated depreciation	<u>16,267,608</u>	<u>15,758,954</u>
	<u>\$ 14,958,906</u>	<u>\$ 15,141,741</u>

**6. Preservation in Progress and Property Held for Future Use**

Preservation in progress includes costs incurred for the acquisition, preservation, and use of the Charles Quincy Clapp House, and expenses related to long-term planning for the PMA campus. The Clapp House, purchased from the Maine College of Art in 2008, was built in 1832 by Portland businessman Charles Q. Clapp. Required preservation costs were assessed through an architectural firm as a starting point for a property use plan. The Clapp House is on the National Register of Historic Places and is a beautiful example of Greek revival architecture.

In March 2014, the PMA engaged an architectural firm to design a Campus Master Plan positioning the PMA for future growth and development. The architectural firm conducted an exploration of the PMA facility's needs, determining potential uses of its property, and worked with museum leadership to create a vision for the campus. The Campus Master Plan is the starting point for the PMA's goal to reimagine the campus as an architecturally innovative gathering place for art, conversation, creativity, environmental responsibility, historic preservation, and partnerships.

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Projects completed to date under the Campus Master Plan include an updated interpretation and reinstallation of the collection; the Peggy L. Osher Art Study and Collection Committee Conference Room; a temporary exhibition space in the PMA's historic L.D.M. Sweat Memorial Galleries; an interactive learning space called The Workshop; the Konkel Family Welcome Center; and The David E. Shaw and Family Sculpture Park, which is accessible to all through a gate on High Street, and is free to the public.

Property held for future use consists of two properties adjacent to the PMA. The PMA purchased the Spring Street property in July 2007 and demolished and abated the buildings on the property and improved the lot for parking in 2009.

In October 2019, the PMA completed the purchase of 142 Free Street, the previous home of the Children's Museum and Theater of Maine. This purchase provides an opportunity to begin implementation of the PMA's goal to broaden and deepen connections with audiences through experiential and immersive opportunities, community partnerships, and expanded outreach. Following the purchase, PMA began a strategic planning process, which included engaging an architect to revisit the recommendations from the earlier Campus Plan as they relate to the impact of the PMA's projected growth on its current facilities, and how its facilities and properties can be developed and expanded to accommodate the projected increases in the number of visitors, community outreach, and the growth of its programs and collections.

### 7. Investments

Investments as of January 31 include the following carried at fair and net asset values:

	<u>2021</u>	<u>2020</u>
Invested cash equivalents	\$ 1,324,234	\$ 2,153,345
Mutual funds	15,280,040	6,638,013
Limited liability and other closely-held companies	28,716,284	33,385,698
Partnership interests and fund of funds	<u>807,130</u>	<u>261,430</u>
	<u>\$ 46,127,688</u>	<u>\$ 42,438,486</u>

The perpetual net assets with donor restrictions and Board designated net assets for investment are invested to maintain their real value over time after distributions pursuant to the PMA's endowment spending policy, fees, and expenses. In the selection of investments, expected total return, defined as capital appreciation plus income, is prioritized over current yield. The PMA seeks to achieve its return objectives while controlling risk through diversification among asset classes and securities that form a blended portfolio which is expected to exhibit lower volatility than its constituent investments and broader equity market indexes.

Under the PMA's endowment spending policy, the amount of the endowment withdrawn for current expenses ("Annual Payout Amount") for each fiscal year will be determined by multiplying the distribution rate by the average market value of the fund over a defined period of time. The Annual Payout Amount will be appropriated at the beginning of each fiscal year by vote of the PMA's

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Board of Trustees. In 2021, the Board of Trustees approved increasing the spending rate up to 7.0% to all funds that support the PMA's operating budget, as recommended by the Finance Committee and the Investment Committee. The distribution rates in 2021 were 2.0%, 4.3%, 6.5%, or 7.0% depending on the fund. The distribution rates in 2020 were 2.0%, 4.4%, or 5.3% depending on the fund.

Through January 2027, certain permanent endowment net assets (\$5,609,316 at January 31, 2021) are subject to a donor-imposed spending limitation based on investment return during each fiscal year. If investment return is 4.5% or more, spending is limited to 4.5%; if return is 2.0% to 4.5%, spending is limited to the actual investment return; and if return is less than 2%, spending is limited to 2% provided the corpus (\$5,000,000 at January 31, 2021) is not temporarily decreased by more than 10%.

Investments by class of net assets are as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 4,633,983	\$ 3,391,098
With donor restrictions – temporary in nature	2,401,954	1,390,045
With donor restrictions – perpetual in nature	<u>39,091,751</u>	<u>37,657,343</u>
	<u>\$ 46,127,688</u>	<u>\$ 42,438,486</u>

Changes in invested endowment net assets for the year ended January 31, 2021 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>		<u>Total</u>
		<u>Temporary</u>	<u>Perpetual</u>	
		<u>in Nature</u>	<u>in Nature</u>	
Endowment net assets, beginning of year	\$ 3,391,098	\$ 1,390,045	\$ 37,657,343	\$ 42,438,486
Contributions and other amounts invested	1,211,749	-	1,434,408	2,646,157
Investment return (loss)				
Investment income, net of \$55,433 in fees	27,468	240,740	-	268,208
Realized losses on investments	(136,238)	(1,523,835)	-	(1,660,073)
Net appreciation of investments	<u>345,555</u>	<u>4,614,028</u>	<u>-</u>	<u>4,959,583</u>
Total investment return	236,785	3,330,933	-	3,567,718
Appropriation of endowment assets for expenditure under spending policy or expiration of restrictions	<u>(205,649)</u>	<u>(2,319,024)</u>	<u>-</u>	<u>(2,524,673)</u>
Endowment net assets, end of year	<u>\$ 4,633,983</u>	<u>\$ 2,401,954</u>	<u>\$ 39,091,751</u>	<u>\$ 46,127,688</u>

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Changes in invested endowment net assets (deficiency) for the year ended January 31, 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>		<u>Total</u>
		<u>Temporary in Nature</u>	<u>Perpetual in Nature</u>	
Endowment net assets (deficiency), beginning of year	\$ 3,266,773	\$ (532,531)	\$34,845,980	\$37,580,222
Contributions and other amounts invested	191,967	-	2,811,363	3,003,330
Investment return (loss)				
Investment income, net of \$155,386 in fees	10,994	90,697	-	101,691
Realized gains on investments	372,507	4,059,259	-	4,431,766
Net depreciation of investments	<u>(263,735)</u>	<u>(604,434)</u>	<u>-</u>	<u>(868,169)</u>
Total investment return	119,766	3,545,522	-	3,665,288
Appropriation of endowment assets for expenditure under spending policy or expiration of restrictions	<u>(187,408)</u>	<u>(1,622,946)</u>	<u>-</u>	<u>(1,810,354)</u>
Endowment net assets, end of year	<u>\$ 3,391,098</u>	<u>\$ 1,390,045</u>	<u>\$37,657,343</u>	<u>\$42,438,486</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires PMA to retain as a fund of perpetual duration. There were no deficiencies of this nature as of January 31, 2021 or 2020.

**8. Fair Value Measurement**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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Pursuant to FASB ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, fair value information by level has not been presented for certain investments valued at the NAV per share reported by the investment manager.

Assets measured at fair value on a recurring basis are summarized below.

	<u>Fair Value Measurements at January 31, 2021</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Cash equivalent investments				
Money market funds	\$ 1,324,234	\$ 1,324,234	\$ -	\$ -
Mutual funds				
Long-term capital appreciation	<u>15,280,040</u>	<u>15,280,040</u>	-	-
	<u>16,604,274</u>	<u>\$ 16,604,274</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at NAV	<u>29,523,414</u>			
Total investments	<u>\$ 46,127,688</u>			

	<u>Fair Value Measurements at January 31, 2020</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Cash equivalent investments				
Money market funds	\$ 2,153,345	\$ 2,153,345	\$ -	\$ -
Mutual funds				
Long-term capital appreciation	<u>6,638,013</u>	<u>6,638,013</u>	-	-
	<u>8,791,358</u>	<u>\$ 8,791,358</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at NAV	<u>33,647,128</u>			
Total investments	<u>\$ 42,438,486</u>			

Investments in general are exposed to various risks, such as interest rates, credit, and overall market volatility. As such, it is reasonably possible that changes could materially affect the amounts reported in the balance sheets and statements of activities.

Money market and mutual funds are valued based on quoted market prices. Management believes that techniques used to value investments are not an indicator of their liquidity.

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The following table presents additional information about the PMA's investments whose fair value is estimated using the reported NAV at January 31:

	<b>Fair Value <u>2021</u></b>	Fair Value <u>2020</u>	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
FEG Select Active					
International Equity Series I	<b>\$ 2,691,043</b>	\$ 2,169,340	\$ -	Monthly	30 days
Core Fixed Income Series	-	-	-	Daily	5 days
Domestic Equity Series I	<b>2,700,444</b>	2,299,988	-	Quarterly	60 days
Domestic Equity Series II	<b>2,962,452</b>	2,353,021	-	Monthly	30 days
Global Equity Series II	<b>3,214,085</b>	2,679,237	-	Monthly	1 day
Global REIT Series I	<b>557,205</b>	-	-	Daily	5 days
Emerging Markets Series I	<b>1,724,330</b>	-	-	Monthly	5 days
Structured International Equity Series	-	3,907,818	-	Daily	5 days
Structured US Equity Series	-	3,963,170	-	Daily	5 days
FEG Select					
Core Fixed Income Series	<b>6,307,269</b>	6,035,140	-	Daily	5 days
Core Plus Bond Series	<b>6,116,829</b>	6,057,996	-	Daily	5 days
Biotech Series I	<b>869,648</b>	-	-	Quarterly	60 days (post soft- lock)
FEG Absolute Access Fund I LLC Class I	<b>1,572,978</b>	3,919,988	-	Being liquidated	
FEG Private Opportunities Fund V, L.P.	<b>300,000</b>	-	4,700,000	Illiquid	N/A
Other partnership interests and fund of funds	<b><u>507,131</u></b>	<u>261,430</u>	<u>2,717,755</u>		
	<b><u>\$29,523,414</u></b>	<b><u>\$33,647,128</u></b>	<b><u>\$ 7,417,755</u></b>		

Management expects the commitments to be funded through investment rebalancing and believes rebalancing is not dependent on future contributions or use of the PMA's cash and cash equivalents balances. The timing and amount of capital distributions in any future year is uncertain.

The investment objectives of the underlying investment advisors of the funds reported at NAV are as follows

FEG Select Active International Equity Series I seeks total return through investments in the developed international market.

FEG Select Active Core Fixed Income Series seeks to invest in public fixed income securities for total return and equity risk mitigation.

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FEG Select Active Domestic Equity Series I and II seek total return in U.S. equity securities.  
FEG Select Active Global Equity Series II seeks total return.  
FEG Select Active Emerging Markets Series I seeks total return on investments.  
FEG Select Core Fixed Income Series and Plus Bond Series seek total return along with equity risk mitigation.  
FEG Select Biotech Series I seeks to provide total return.  
FEG Absolute Access Fund I LLC Class I seeks to achieve both diversification of assets and total return.

### 9. Borrowings

The PMA has available a \$2,000,000 revolving term loan agreement with interest at LIBOR plus 2.0%, collateralized by a security interest in any or all deposits or other sums held by the bank. At January 31, 2021 and 2020 these bank deposits equaled \$1,119,271 and \$521,649, respectively. There were no advances outstanding at January 31, 2021 and 2020.

In September 2019, PMA entered into a financing agreement with the Children's Museum and Theater of Maine (the seller) for the purchase of 142 Free Street, reported as note payable on the balance sheets. The remaining balance of is due in June 2021.

Cash paid for interest during the year ended January 31, 2021 totaled \$96,451. The PMA paid no cash for interest during 2020. The PMA capitalized interest of \$66,774 and \$29,677 during the year ended January 31, 2021 and 2020, respectively.

### 10. Net Assets Without Donor Restrictions

Net assets without donor restrictions at January 31 are as follows:

	<u>2021</u>	<u>2020</u>
Net investment in capital assets	\$ 15,997,621	\$ 16,152,882
Board designated for investment	4,633,983	3,391,098
Investment in property held for future use	5,092,137	3,295,687
Other (deficiency)	<u>(1,235,472)</u>	<u>(545,387)</u>
	<u>\$ 24,488,269</u>	<u>\$ 22,294,280</u>



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**11. Net Assets with Donor Restrictions – Temporary in Nature**

Net assets with donor restrictions - temporary in nature at January 31 are available for the following purposes or periods:

	Currently Available	Income in Excess of Spending Policy	Amounts Receivable in Future Periods	Total
<b><u>2021</u></b>				
Education	\$ 184,766	\$ 545,791	\$ 100,000	\$ 830,557
Maintenance of collection and building	582,511	375,065	-	957,576
Acquisition of art for the collection	1,864,977	286,068	-	2,151,045
Other restricted purposes	<u>690,797</u>	<u>1,195,030</u>	<u>1,337,444</u>	<u>3,223,271</u>
	<b><u>\$3,323,051</u></b>	<b><u>\$2,401,954</u></b>	<b><u>\$1,437,444</u></b>	<b><u>\$ 7,162,449</u></b>
<b><u>2020</u></b>				
Education	\$ 107,697	\$ 362,566	\$ 200,000	\$ 670,263
Maintenance of collection and building	842,836	327,123	-	1,169,959
Acquisition of art for the collection	1,918,148	253,760	-	2,171,908
Other restricted purposes	<u>426,242</u>	<u>446,596</u>	<u>334,653</u>	<u>1,207,491</u>
	<b><u>\$3,294,923</u></b>	<b><u>\$1,390,045</u></b>	<b><u>\$ 534,653</u></b>	<b><u>\$ 5,219,621</u></b>

**12. Net Assets with Donor Restrictions – Perpetual in Nature**

At January 31, the PMA's net assets with donor restrictions – perpetual in nature consist of endowment funds from which income is expendable to support the following:

	<b><u>2021</u></b>	<b><u>2020</u></b>
General operations, including \$384,980 and \$593,609 in contributions receivable at January 31, 2021 and 2020, respectively	<b>\$ 27,453,927</b>	\$ 26,453,927
Education, including \$81,980 and \$215,609 in contributions receivable at January 31, 2021 and 2020, respectively	<b>5,600,219</b>	5,598,219
Maintenance of collection and buildings, including \$1,250,000 in contributions receivable at January 31, 2021	<b>4,850,934</b>	3,550,934
Acquisition of art for the collection	<b>733,339</b>	732,339
Wages and related expenses, including \$737,385 in contributions receivable at January 31, 2021	<b>2,650,328</b>	1,877,943
Other	<u>257,349</u>	<u>253,199</u>
	<b><u>\$ 41,546,096</u></b>	<b><u>\$ 38,466,561</u></b>

# PORTLAND MUSEUM OF ART

## Notes to Financial Statements

January 31, 2021 and 2020

### 13. Defined Contribution Retirement Plan

The PMA has a 403(b) Plan (the Plan). All employees that work more than 1,000 hours during the Plan year are eligible to participate. Under the Plan, the PMA may make discretionary match contributions. During the years ended January 31, 2021 and 2020, the PMA contributed \$56,502 and \$49,537 to the Plan, respectively.

### 14. Contingency and Uncertainty

In the ordinary course of operations, the PMA may be periodically involved in legal claims. While the PMA is not currently undergoing such claims, in the opinion of management, the PMA has adequate legal defense or insurance coverage with respect to such claims and management does not believe that they will have a material adverse effect on the PMA's financial statements.

Since March 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, COVID-19, by imposing limitations on travel and physical distancing, among other things. There is unprecedented uncertainty surrounding the duration of the pandemic, its economic ramifications, and any further government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the PMA as of August 3, 2021, management believes it has had and could continue to have an impact on the PMA.

### 15. Unionization of Certain Employees

On April 22, 2021, of the eligible members of the proposed bargaining unit who voted, a majority elected to make Local 2110 of the United Autoworkers (UAW) their exclusive bargaining agent. Management is dedicated to bargaining in good faith, finding common ground, and working with Local 2110 of the UAW to ensure the PMA's vision and values, which are centered in inclusively, equity and transparency, are reflected in any agreement. Management is currently evaluating the financial impact this event may have on the PMA.